



Director of
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GRENADA:**Moderates Unify**

Leaders of several eastern Caribbean countries have succeeded in getting Grenada's four moderate parties to unite, but disagreements over sharing power probably will continue as Grenadians prepare for elections later this year. []

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The Prime Ministers of Barbados, St. Lucia, and St. Vincent played a key role in fashioning the agreement at a meeting last Sunday. The US Embassy in Grenada reports that the New National Party will be led by Herbert Blaize of the Grenada National Party. A steering committee of representatives from each of the parties will develop the new party's structure and platform. []

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The US Embassy in Bridgetown says the regional leaders are worried that a return to power of former Prime Minister Eric Gairy—who has been gaining strength in recent months—would undermine the effectiveness of regional security forces and provide leftists with a unifying issue. []

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Comment: The new party—if it holds together—will provide a broad-based alternative to Gairy's party, which has benefited from the moderates' squabbling. Although the agreement is a positive development, the moderates still have to overcome their primary area of dissension—the division of seats on a single slate. In addition, they will have to make up for lost campaign time with elections scheduled before the end of the year. []

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The Caribbean leaders interceded because of the implications of an electoral victory by Gairy. Their governments actively supported the US-led intervention in Grenada, and his return to power would be viewed as a repudiation of their efforts. []

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**FRANCE-
NORTH AFRICA:****Opposition to Moroccan-Libyan Accord**

France reportedly believes that the Moroccan-Libyan "unity" accord will upset the balance of power in the Maghreb, and Paris may try to persuade Rabat to reject it. [redacted]

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Foreign Minister Cheysson will discuss the recent agreement during his visits to Algeria and Tunisia beginning tomorrow, according to the US Embassy in Paris. French Foreign Ministry officials have told US diplomats that Paris is concerned that King Hassan's actions threaten to undermine prospects for peace in Western Sahara. [redacted]

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The French believe the agreement will stiffen Algerian support for the Polisario guerrillas. They fear it may increase support for Algiers in black Africa at Morocco's expense. [redacted]

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Comment: Paris has tried to foster better relations between Algeria and Morocco, in part to facilitate a settlement in Western Sahara. The French fear the accord will upset their efforts by increasing Libyan influence in the region. [redacted]

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Cheysson almost certainly will assure Algiers that Paris opposes the accord, and he may try to persuade Hassan to abrogate the agreement. [redacted]

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**USSR-LATIN
AMERICA:****Lobbying Efforts**

Moscow's recent consultations with Latin American countries reflect its continued interest in improving relations with the countries of the region, but the visits have yielded few results.

[redacted]

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Several Soviet delegations visited a number of Latin American countries recently to discuss bilateral issues and the agenda for the UN General Assembly session. Countries visited included Costa Rica, Mexico, Argentina, Brazil, Peru, Colombia, and Cuba. [redacted]

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US Embassy reporting of the meetings indicates that the Soviets raised disarmament issues, but most Latin American officials considered this a Soviet-US bilateral matter. Nor were they receptive to the Soviets on other topics. [redacted]

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The Costa Rican Foreign Minister, for example, rebuffed a Soviet pitch for a UNGA resolution condemning aggression in Central America. He inquired about Soviet support for Nicaragua and warned against a Soviet military presence there. [redacted]

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Comment: Numerous Soviet media reports on these visits and press conferences held in most of the countries visited indicate that the Soviets are trying to increase their diplomatic visibility in Latin America. Moscow probably hopes to counter US charges about the subversive nature of Soviet policy in Latin America, as well as any propaganda gains made by China during the recent Latin American trip of the Chinese Foreign Minister. [redacted]

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FRANCE:**Government Accepts Automobile Layoffs**

The Mitterrand government's quick decision to allow layoffs at the privately owned automobile firm Citroen shows a continuing resolve to modernize and restructure the economy. [redacted]

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The government approved Citroen's plan to reorganize following its acceptance last week by non-Communist workers' representatives. The plan provides 10 months' retraining at 70-percent compensation but will allow only 1,900 layoffs rather than the 2,400 originally requested. [redacted]

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Earlier this year the government allowed Citroen to reduce employment by 4,000 through attrition and early retirement but denied the company's request for layoffs. [redacted]

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According to the US Embassy, the government's early acceptance of the plan is a direct challenge to the Communist-controlled union, which organized automobile factory sit-ins last spring and called for further negotiations. [redacted]

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Comment: Prime Minister Fabius' first major restructuring decision demonstrates his—and President Mitterrand's—determination to modernize industry and to improve the financial prospects of business, despite opposition from the Communist-controlled union. The government's rapid decision was meant to catch the unions off balance before most workers return from vacation later this week.

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The Citroen plan may be the model adopted by the nationalized giant Renault when it attempts to reduce its workforce by 15,000 later this year. [redacted]

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INDIA-PAKISTAN: Dispute Over Hijacking

Islamabad has rejected allegations by the Indian Ambassador that Pakistani officials in Lahore armed and aided the Sikh hijackers of an Indian aircraft last weekend. The Pakistanis said Islamabad decided against an attempt to force the hijackers to surrender in Lahore because passengers might be harmed. The US Embassy in Islamabad says Pakistani officials believe India will use Pakistan's alleged mishandling of the hijacking as another pretext to stall bilateral reconciliation talks that New Delhi postponed in July.

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Comment: New Delhi's suspicions that Pakistan is encouraging Sikh dissidence in India predispose the Indians to believe the worst. Even though Indian officials recently told US diplomats that talks might resume next month, the Pakistanis are justified in doubting that there will be progress before Indian elections in January. Prime Minister Gandhi's decision to put off the talks probably reflected her belief that she could gain more by delaying than by pursuing rapprochement with Pakistan.

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OPEC: Crude Oil Production, 1984*Million b/d*

	1984 Quota	First Half	July ^a	August ^a
Total	17.5	18.2	17.7	16.2
Algeria	0.725	0.7	0.7	0.6
Ecuador	0.2	0.2	0.2	0.2
Gabon	0.15	0.2	0.2	0.2
Indonesia	1.3	1.5	1.4	1.3
Iran	2.4	2.3	2.5	2.0
Iraq	1.2	1.1	1.2	1.2
Kuwait	1.05	1.0	0.9	0.9
Libya	1.1	1.2	1.1	1.0
Neutral Zone ^b		0.5	0.4	0.3
Nigeria	1.3	1.4	1.1	1.1
Qatar	0.3	0.4	0.4	0.3
Saudi Arabia ^c	5.0	4.9	4.5	4.3
UAE	1.1	1.3	1.3	1.1
Venezuela	1.675	1.7	1.7	1.7

^a Preliminary.^b Production is shared equally between Saudi Arabia and Kuwait and is included in each country's production quota.^c Saudi Arabia has no formal quota. It acts as swing producer to meet world market requirements.

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OPEC: Oil Production Tumbles

[redacted] oil
production in OPEC countries this month will average about 16.2 million barrels per day. At this level, production will slip below the cartel's ceiling for the first time this year. Iran's Oil Minister claims Tehran voluntarily has cut its output by 50 percent as a gesture toward OPEC unity. [redacted]

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Comment: OPEC's efforts to limit production in order to defend the benchmark price of \$29 per barrel will temporarily ease downward pressure on prices. Iranian production probably fell only 500,000 barrels per day despite Tehran's claim. Prospects for some increase in world demand later this year and Saudi willingness to absorb any further slack in the market should stabilize prices during the rest of the year. Nonetheless, some producers will continue to discount prices in order to support their sagging oil exports. [redacted]

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IRAN: Trying To Stir Up Support

Tehran is modifying some of its more radical social and economic policies to lessen popular discontent. Ayatollah Khomeini has called for punishing corrupt officials and handing control of foreign trade in all but essential goods over to bazaar merchants. He also has ordered government departments to be more efficient and sensitive when dealing with ordinary citizens. The regime has brought corrupt officers of the Heavy Industry Ministry to trial, disowned demonstrators who recently attacked women not in Islamic attire, and expanded an earlier general amnesty for political prisoners.

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Comment: The initiatives—which parallel Tehran's current diplomatic campaign to improve its international image—reflect official concern over flagging revolutionary fervor. The leaders hope to win cooperation from conservative senior clerics, reduce popular dissatisfaction, and encourage badly needed professionals to return to Iran. The changes in trade policy address economic complaints of opposition clerics and their supporters in the bazaar. Even so, these people remain opposed to a wide range of government policies.

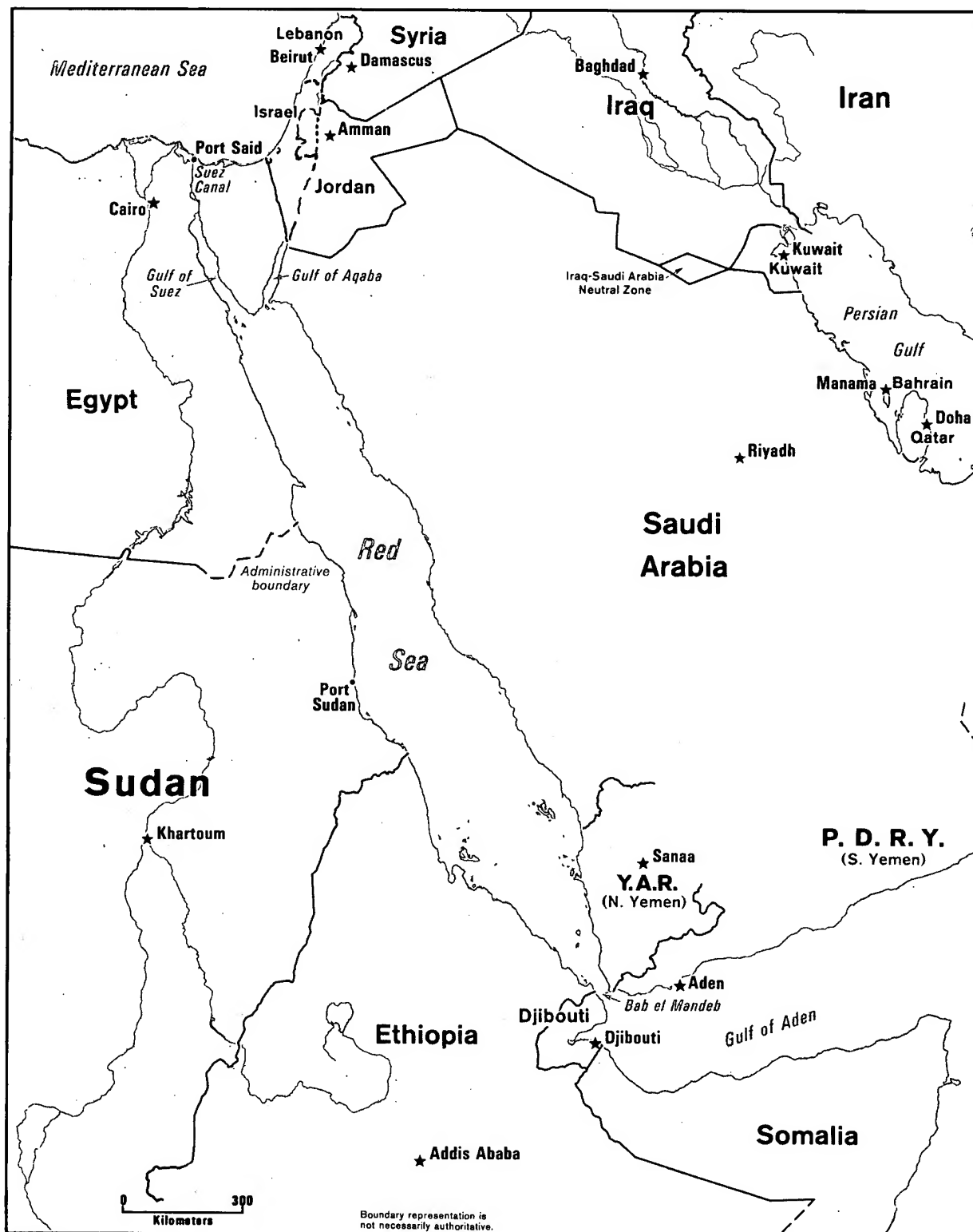
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NETHERLANDS: Saudis Request Minehunters

The US Embassy in The Hague reports that the Netherlands has responded positively to a formal request from Saudi Arabia for mine-clearing assistance. Sudan reportedly will not request similar Dutch help. The US defense attache says two Dutch Alkmaar-class minehunters, now conducting training exercises in the Baltic, are available and ready for Red Sea operations. [REDACTED]

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Comment: The Dutch minehunters will operate in Saudi waters along with units from the US and France. The ships could arrive at Port Said, en route to the Red Sea, within three weeks. Sudan probably failed to request Dutch aid because it is unable to provide fuel and water supplies at Port Sudan. [REDACTED]

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In Brief

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Middle East

— **Iraq** exploiting hijacking of **Iranian** airliner for propaganda since it landed in Baghdad yesterday . . . has held press conference for the hijackers and arranged tours to Shia holy shrines for the passengers. [redacted]

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— **Japan** has informed **Iran** it will resume work on major petrochemical plant at Bandar-e Khomeyni as early as October . . . facility nearly complete but construction suspended because of **Iraqi** bombing . . . new attacks, however, would again deter Japan. [redacted]

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Americas

— **Honduras** has notified **El Salvador** it will not accept more Salvadoran troops at regional training center . . . current battalion graduates on 28 September . . . Tegucigalpa receptive to new training arrangement but wants progress in border dispute talks. [redacted]

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Middle Eastern Terrorism, January-June 1984: 136 Attacks**Attacks by Major Terrorist Actors**

Iranian-backed groups	39
Palestinian groups	24
Libyan-sponsored action	21
Jewish extremists	15
Syrian-backed Palestinians	9
All other groups	28

Attacks Against Major Terrorist Targets

Israel	24
France	24
Palestinians	21
US	14
Libyan exiles	10
15 other nations	43

Attacks Against US Targets

By Iranian-backed groups	11
By Syrian-backed groups	2
By Lebanese Armed Revolutionary Faction	1

Casualties by Nation or Group

Total Casualties	260
Israel	95
France	26
United Kingdom	25
Libyan exiles	15
Palestinians	14
US	10
11 other nations	28
Unknown	47

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Special Analysis**MIDDLE EAST:****International Terrorism on the Rise**

International terrorist attacks originating from the Middle East doubled in the first six months of 1984—136 incidents, as compared with 128 for all of 1983. Attacks on US interests have increased, although not at the same pace. Middle Eastern terrorism is not likely to decline and probably will account for about half of International terrorism in 1984 and beyond.

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The new prominence of Middle Eastern groups parallels the early 1970s, when they dominated the international terrorist scene. Middle Eastern groups and states have conducted more attacks in Western Europe and Africa in 1984 than in any of the last four years.

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Although attacks this year have produced far fewer casualties than in 1983, when eight large bombings set a tragic record in human losses, an increasing proportion of Middle Eastern terrorist incidents this year have caused casualties.

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Several factors have contributed to the increase in Middle Eastern terrorism. The competition among PLO groups for prominence and leadership in the divided Palestinian movement and despair over the lack of diplomatic progress in the Arab-Israeli conflict have led to a major escalation in attacks on Israel. Terrorism by Jewish extremists against Arabs in the West Bank is another reason for the increase in 1984.

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State sponsors of terrorism were implicated in about 50 percent of Middle Eastern terrorist incidents, about the same proportion as 1983. Iran and Syria have been implicated in about the same number of incidents as last year, and an outburst of Libyan-backed terrorism has occurred in Africa and against anti-Qadhafi dissidents in Western Europe.

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Outlook

The increase in Middle East terrorism is likely to persist.

- Palestinian raids on Israel probably will continue at least at the level observed so far in 1984.
- Non-PLO groups such as Abu Nidal and 15 May will continue to threaten Israeli, US, and other interests. Should one or more of the PLO groups become estranged from the umbrella organization, they could join the non-PLO mavericks in attacking international targets.

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- Libyan-sponsored terrorism against exiles and Qadhafi's opponents in Africa and the Middle East is likely to continue. Libya probably was responsible for the Red Sea mining, suggesting that Qadhafi is still prone to take risks, possibly including attacks on US targets.
- Syria probably will support or allow Palestinian groups based in Syrian-controlled territory to attack Israel, Jordan, pro-Arafat Palestinians, and possibly other moderate Arab states.
- Iranian-backed terrorism will persist in Lebanon, the Persian Gulf, and Western Europe. The course of the Iran-Iraq war and Tehran's current diplomatic effort to reduce its international isolation will affect the level of Iranian activity. []

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Several developments may diminish the incidence of terrorism emanating from the Middle East.

- In Lebanon the reduced presence of potential foreign targets, increased security, and Syria's interest in propping up the government of President Gemayel will limit terrorism.
- Although growing tensions between Arabs and Israelis in the West Bank may produce isolated attacks by Jewish extremists, such attacks are unlikely to rebound to their early 1984 levels because of Tel Aviv's success in breaking up extremist groups.
- Increasing counterterrorist efforts in Western Europe and by some Arab states may constrain terrorist activity. []

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